

Message Text

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70

ACTION EB-07

INFO OCT-01 ARA-06 NEA-09 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

(ISO) W

----- 045234

R 081432Z APR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9835

INFO AMEMBASSY TEHRAN

AMEMBASSY SANTO DOMINGO

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DEPARTMENT PASS ALL LA EMBASSIES FOR INFO

E.O. 11652: N/A

SUBJECT: LATIN AMERICA SUGAR PRODUCERS MEETING

REF: SAN JOSE 1392

1. AMBASSADOR CALLED ON MINISTER OF TRANSPORT ALVARO JENKINS, WHO IS ALSO PRESIDENT OF THE SUGAR LEAGUE (GOVERNMENT SUGAR MARKETING MONOPOLY), AND IN THE COURSE OF A CONVERSATION ON A NUMBER OF TOPICS DISCUSSED WITH JENKINS THE FORTHCOMING MEETING OF THE LATIN AMERICA SUGAR PRODUCERS IN SANTO DOMINGO.

2. JENKINS SAID THAT CUBA IS MAKING A BIG EFFORT TO FORM A SUGAR CARTEL AND HAS SUCCEEDED IN INTERESTING CERTAIN OF THE LARGE COUNTRIES IN LA SUCH AS MEXICO AND VENEZUELA. THIS WILL BE A MAJOR TOPIC OF DISCUSSION AT THE SANTO DOMINGO MEETING. JENKINS, WHO WILL HEAD THE COSTA RICAN DELEGATION TO THE MEETING, SAID THAT COSTA RICA IS TOTALLY

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OPPOSED TO THIS CONCEPT AND HAS THE QUIET SUPPORT

BEHIND THE SCENES OF ABOUT TWELVE OTHER LATIN AMERICAN COUNTRIES. HE EXPECTS THAT THESE COUNTRIES WILL STAND FAST WITH COSTA RICA AGAINST THE CARTEL SCHEME.

3. JENKINS, WHO IS A SUGAR MILL OWNER AND HAS DEVOTED MUCH OF HIS LIFE TO THE SUGAR INDUSTRY, SAID THAT IT WAS A GREAT MISTAKE TO PUSH THE PRICE UP AS HIGH AS \$60 PER CWT. JENKINS SAID THAT SUCH A PRICE SHOWED EXCESSIVE GREED AND THAT A \$20 TO \$30 PRICE WOULD HAVE MADE A LOT OF MONEY FOR EVERYONE WITHOUT CREATING SUCH A NEGATIVE REACTION FROM CONSUMERS. JENKINS ALSO EXPRESSED AGREEMENT WITH THE AMBASSADOR THAT TOO HIGH A PRICE IS LIKELY TO REDUCE DEMAND AND CAUSE CONSUMERS TO TURN TO SUBSTITUTE SWEETENERS.

4. JENKINS SAID CONFIDENTIALLY THAT HE PLANS TO VISIT THE U.S. IN ABOUT THREE WEEKS TO DISCUSS A THREE-YEAR SUGAR CONTRACT WITH THE COCO COLA COMPANY. HE FORESEES A DEAL WITH AN \$18 TO \$20 PRICE FLOOR AND A \$30 PRICE CEILING, WITH A FLUCTUATION IN BETWEEN DEPENDING ON WORLD SUGAR PRICES. WITH SUCH AN ARRANGEMENT, COSTA RICA WOULD BE GUARANTEED A SUGAR PRICE OF AT LEAST \$18 TO \$20 IF THE PRICE SHOULD FALL BELOW THAT LEVEL, AND IN RETURN THE COMPANY WOULD BE ASSURED THAT IT WOULD HAVE TO PAY NO MORE THAN \$30 EVEN IF THE PRICE SHOULD RISE WELL ABOVE THAT LEVEL.

5. JENKINS SAID THAT COSTA RICA HAD ALWAYS DEPENDED UPON THE PREFERENTIAL SUGAR MARKET IN THE U.S. AND IN HIS OPINION THE COUNTRY SHOULD CONTINUE TO DO SO. HE THUS PREFERS SALES TO THE U.S. RATHER THAN OTHER TYPES OF ARRANGEMENTS. HE CONFIRMED THAT THE IRANIANS HAD OFFERED TO BUY SUGAR AND MEAT AS PART OF A \$100 MILLION LOAN DEAL. HE SAID, HOWEVER, THAT WHEN HE SHOWED INTEREST THE IRANIANS ADJUSTED THE TERMS IN THEIR FAVOR (BY CHANGING FROM SIMPLE INTEREST TO COMPOUND INTEREST). HE SAID THAT THE IRANIANS HAVE BEEN SUCH HARD BARGAINERS AND SO DIFFICULT TO PIN DOWN THAT HE DOES NOT EXPECT ANY DEAL WITH THEM TO MATERIALIZE.

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NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEES.

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Message Attributes

Automatic Decaptioning: X
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